

LBNL – PROCUREMENT STANDARD PRACTICES

Section: 45 Government Property

Subject: 45.3 Exchange, Trade-In, or Upgrade of Government Property

PURPOSE: This standard practice (SP) outlines the required conditions and procedures for exchanging, trading-in, or upgrading government property.

POLICY: The Laboratory must negotiate the best possible credit value for an item to be exchanged.

SCOPE: This SP applies to all exchanges, trade-ins, or upgrades of government property.

DEFINITIONS:

Exchange Exchange is the process by which government property is acquired specifically for use in place of property that is still needed but that no longer adequately performs all of the tasks for which it was intended.

Like Item A like item is an item that performs all or most of the tasks as an item to be exchanged.

Trade-In Trade-in is the process by which an item is acquired to replace a similar item. The acquired item must perform all or substantially all of the tasks for which another item would otherwise be used. Equipment may be acquired by trade-in when the value of the replaced property is used to reduce or offset the cost of the acquired item.

Upgrade An upgrade is the modification of government property to increase its capabilities or to extend its useful life.

PROCEDURES:

Conditions for Exchange Government property may be exchanged or traded-in only under the following conditions:

- The same need exists for which the original item was purchased;
- An item replaces a like item; and
- The exchange is economically beneficial to the Laboratory and will provide added efficiency to a Laboratory program.

Determining Depreciated Value The depreciated value of the item to be exchanged must be determined in order to negotiate the best possible exchange conditions and price for the Laboratory.

Negotiations Offers for the exchange or trade-in of the item must be solicited from potential subcontractors. If the exchange or trade-in value offered to the Laboratory is less than the depreciated value of

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the item, the acceptability of the offer must be determined through such means as price analysis.

Shipping Documentation

Shipment of an item for exchange, trade-in, or upgrade must be properly documented in the subcontract file. If the item is property numbered, the property number must be shown on the shipping documents and in the subcontract for the exchange. If the item is not property numbered, the item's serial number and model number must be noted.

Property Management

All relevant documentation must be provided to Property Management, including the exchanged item's acquisition cost, the amount of credit received, and the cost of the new item. Property Management will update the property database accordingly.

Documentation

The subcontract file must contain the following information:

- A description of the item to be exchanged, including model number, manufacturer, serial number, and property number, when applicable and
- The justification for the exchange or trade-in.

RESPONSIBILITIES:

Procurement Specialist

The procurement specialist must:

- Ascertain the depreciated book value of the item;
- Negotiate the best possible credit value for the item to be replaced;
- Document the exchange in accordance with the requirements of this SP; and
- Supply the required documentation to Property Management.

REFERENCES:

Prime Contract Clause I.115 - Property